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7 FINANCIAL INDUSTRY REGULATORY  
Aeuthority, Inc. ("FINRA") f/k/a NATIONAL  
8 ASSOCIATION OF SECURITIES DEALERS,  
INC.

10 UNITED STATES DISTRICT COURT  
11 FOR THE NORTHERN DISTRICT OF CALIFORNIA

13 DENISE R. REED,  
14 Petitioner,  
15 v.  
16 NATIONAL ASSOCIATION OF SECURITIES  
DEALERS, INC., WHITE PACIFIC  
SECURITIES, INC. and ROY L. PANELLI,  
17  
18 Respondents.

CASE NO. 4:07-CV-03648-CW

**STIPULATION AND ORDER  
CONFIRMING SECTIONS 3B-3G OF THE  
ARBITRATION AWARD AND  
WITHDRAWING REQUEST FOR  
CONFIRMATION OF SECTION 3A OF  
THE ARBITRATION AWARD**

1           WHEREAS Respondent Financial Industry Regulatory Authority, Inc. (“FINRA”) f/k/a  
 2 National Association of Securities Dealers, Inc.<sup>1</sup> and Petitioner Denise Reed have agreed to stipulate  
 3 to the following Proposed Order resolving the petition as it relates to Respondent FINRA and  
 4 expungement of information regarding Petitioner Reed under the conditions set forth in this  
 5 stipulation; and

6           WHEREAS, FINRA’s Rule 2130 establishes procedures for FINRA members and associated  
 7 persons, such as Petitioner Reed, to obtain expungement of customer dispute information from  
 8 records FINRA maintains in the Central Registration Depository system (“CRD”), and these  
 9 procedures include obtaining an arbitration award that grants expungement relief, and naming FINRA  
 10 as a party to the court action in which petitioner seeks a court order confirming the arbitration  
 11 award;<sup>2</sup> and

12           WHEREAS, FINRA’s involvement in this matter is limited to the expungement of  
 13 information regarding Petitioner Reed from CRD; and FINRA consents to confirmation of sections  
 14 **3b-3g (on pages 4-5 of the Award)** of the arbitration award entered on June 4, 2007 in the matter of  
 15 arbitration between Denise R. Reed, Claimant v. White Pacific Securities, Inc. and Roy L. Panelli,  
 16 Respondents, Case Number 04-03449 (the “Award”), which sections of the Award direct  
 17 expungement as follows:

- 18           1. FINRA will expunge from CRD all references to the following event described in the  
               Award at sections **3b, 3c, 3d, and 3e**: allegations that Petitioner Reed was the subject  
               of a customer complaint because she obtained a loan from a customer then failed to  
               repay the loan, allegations that while employed at White Pacific Securities, Inc.  
               ("White Pacific") Reed was the was the subject of NASD (now FINRA) regulatory

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25           <sup>1</sup> On July 30, 2007, National Association of Securities Dealers, Inc. changed its name to Financial  
 26           Industry Regulatory Authority, Inc.

27           <sup>2</sup> FINRA Notice to Members 04-16, available at  
 http://finra.complinet.com/finra/display/display.html?rbid=1189&record\_id=1159000477&element\_id=1159000478&highlight=2130#r1159000477.

1 action, and allegations that while employed at White Pacific, Reed was the subject of a  
2 criminal action or civil fraud in Nevada. This expungement includes:

3 a. changing the "yes" response to "no" on question 14(b)(1) of the Form U4  
4 amendment filed by White Pacific on March 11, 2004 ("March 11 Form U4"),  
5 and removal of the related Disclosure Review Page submitted with the March  
6 11 Form U4;

7 b. changing "yes" responses to "no" on questions 7(a) – (e) of the Form U5 filed  
8 by White Pacific on March 12, 2004 ("March 12 Form U5"), and removal of  
9 related Disclosure Review Pages submitted with the March 12 Form U5;

10 c. similar changes to Form U4 amendments subsequently submitted by Integral in  
11 response to the above-referenced disclosures on the March 11 Form U4 and the  
12 March 12 Form U5;

13 d. changing the "yes" response to "no" on question 7(c) of the Form U5  
14 amendment filed by Quick & Reilly on August 22, 2003 ("August 22 Form  
15 U5") and removal of the related Disclosure Review Page submitted with the  
16 August 22 Form U5; and

17 e. similar changes to all subsequent amendments to Reed's Form U4 submitted by  
18 White Pacific and Integral in response to the above-referenced disclosure on  
19 the August 22 Form U5.

20 2. FINRA will expunge from CRD all references to the following event described in the  
21 Award at section **3f**: erroneous reporting of a civil matter relating to attorney's fees as  
22 a criminal fraud matter. This expungement includes removal of the information from  
23 the following forms: April 1, 2004 Form U4, March 11, 2004 Form U4. (FINRA is in  
24 the process of expunging this information.)

25 3. FINRA will expunge from CRD all references to the following event described in the  
26 Award at section **3g**: erroneous reporting that Petitioner Reed was terminated due to a  
27 criminal fraud matter. This expungement includes removal of the information from

1           the following form: March 12, 2004 Form U5. (FINRA has already expunged this  
2           information.)

3           WHEREAS Petitioner Reed agrees to withdraw its request for confirmation of section **3A** of  
4           the Award, which pertains to the expungement of felony vandalism and aggravated assault charges  
5           filed against Petitioner Reed in the General Sessions Court for Knox County, Tennessee;

6           WHEREAS, FINRA's interest in this matter is limited to the expungement of information in  
7           Petitioner Reed's records maintained in CRD, and FINRA, as the entity that also provides the  
8           arbitration forum, does not take a position on the sections of the Award that relate only to the dispute  
9           between Petitioner Reed and Respondents White Pacific Securities, Inc. and Roy L. Panelli; and  
10           therefore FINRA takes no position with regard to sections **1-2 and 4-7 (on pages 4-5 of the Award)**  
11           of the Award ;

12  
13           NOW THEREFORE, the parties hereby STIPULATE AND AGREE, and request the Court to  
14           order and enter final judgment, as follows:

15           The arbitration award entered on June 4, 2007 in the matter of arbitration between Denise R.  
16           Reed, Claimant v. White Pacific Securities, Inc. and Roy L. Panelli, Respondents, Case Number 04-  
17           03449, concerning disclosures made by White Pacific Securities, Inc. and Roy L. Panelli to FINRA  
18           and concerning expungement of these disclosures, is confirmed **as to sections 3b-3g** of the Award,  
19           FINRA shall expunge the information described in paragraphs one through three above, and the  
20           Court shall enter a final judgment in this matter with respect to confirmation of sections 3b-3g of the  
21           award in accordance with this Order.

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23           //

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1  
2 FINRA shall bear its own costs but shall not bear the costs of any other party.  
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DATED: October 5, 2007

5 GIBSON, DUNN & CRUTCHER LLP  
6  
7

By: s/ Rebecca Justice Lazarus  
8 Rebecca Justice Lazarus

9 Attorneys for Respondent  
10 FINANCIAL INDUSTRY REGULATORY  
11 AUTHORITY, INC. ("FINRA") f/k/a NATIONAL  
12 ASSOCIATION OF SECURITIES DEALERS, INC.

13  
14 DATED: October 5, 2007

15 SHUSTAK & PARTNERS, P.C.  
16  
17

18 By: s/ Jonah A. Toleno  
19 Jonah A. Toleno

20 Attorneys for Petitioner  
21 DENISE R. REED

22 **IT IS SO ORDERED.**

23 10/10/07

24 Dated: \_\_\_\_\_

25 Honorable Claudia Wilken  
26 United States District Court Judge

